



Individual Exchange Billing & Payment Strategy

Maryland Health Benefit Exchange Board

April 10, 2012

Consumer Experience Scenario

HOUSEHOLD

- Dan and Susan are married. They have one child (age 6).

INSURANCE COVERAGE

- The family will purchase medical, dental and vision coverage for everyone through the Exchange.

BILLING & PAYMENT

- In order to get coverage for all of these benefits, the family could select benefit plans from multiple issuers.

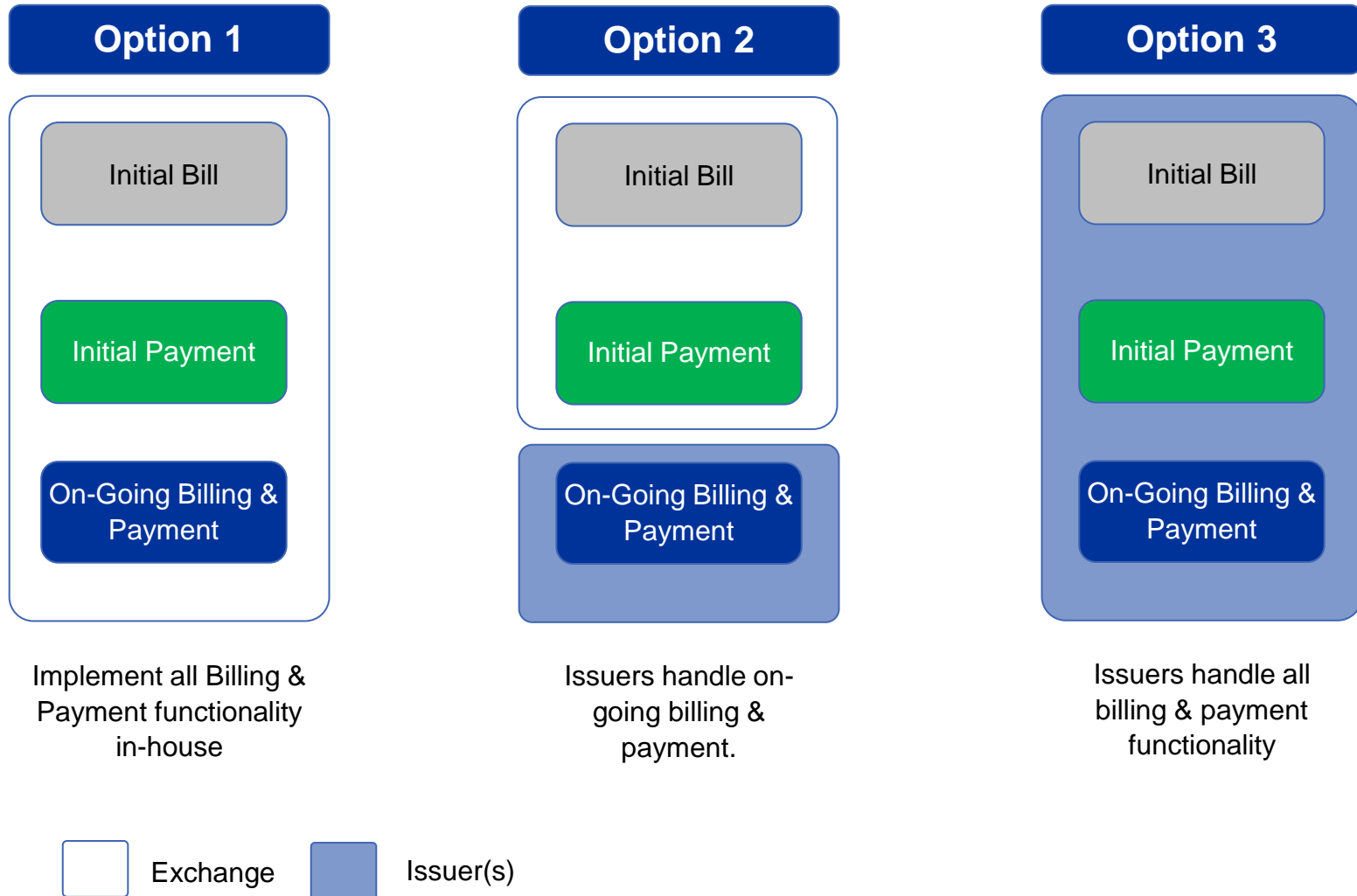
Issuer 1 - Health Insurance

Issuer 2 - Dental Insurance

Issuer 3 – Vision Insurance

Billing & Payment Options

Three high-level options for Billing & Payment management:



Next Steps

Preliminary research has been performed to identify the workflows that could be used to develop Option 1.

- Healthy Howard
- MCHIP Premium Billing
- Other States – MA, MN, OR, WV
- CCIIO

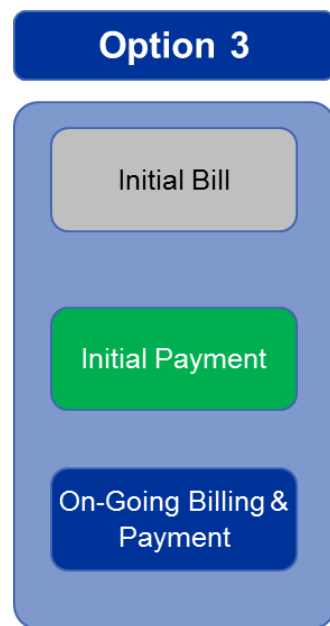
The Exchange would like to perform additional research to determine the feasibility of implementing Option 1 for the Individual Exchange. The following key factors will be considered:

- Technology
- Staffing
- Funding
- Accounting
- MCHIP Impacts

Appendices

Assessment of Option 3:

Issuer Collects Initial and On-Going Payments



Issuers handle all
billing & payment
functionality

Pros

- *Billing and Collections operations are external to Exchange*

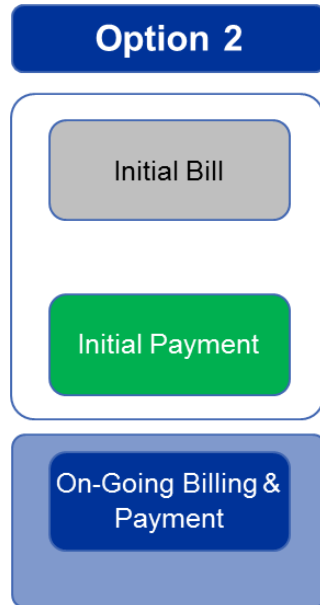
Cons

- *Consumer experience is disjointed*
- *Consumers can not complete enrollment process in one-step*
 - *Exchange would require a notification from Issuer regarding delivery of initial payment from consumer*
 - *Consumer would be directed to carrier website to complete transaction*
- *Handling consumer “life changes” for premium/subsidy calculation would be difficult*
- *Reconciliation between the Exchange and Issuers is complex*

Consumer Impact

- The family would view plans and make a plan selection with the Exchange.
- The family would be re-directed to three (3) carrier websites in order to complete the purchase.
- The family would receive multiple bills, from multiple carriers, at varying frequencies.

Assessment of Option 2: Exchange Collects Initial Payment, On-Going Payments are Collected by the Issuer



Issuers handle on-going billing & payment.

Pros

- *Allows for completion of initial enrollment within the Exchange*
- *Billing and Collections operations are partially external to Exchange*

Cons

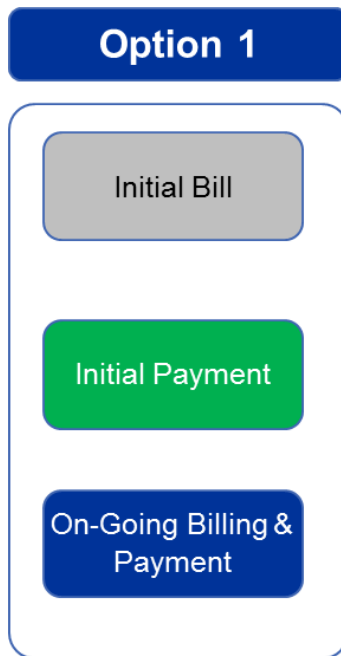
- *Consumer experience is altered after initial payment*
- *Handling consumer “life changes” would be difficult*
- *Reconciliation between the Exchange and Issuers is complex*
- *Multiple bills and billing frequencies would exist for on-going payments*
- *Need to build entire billing and payment system to full capability for the initial bill*

Consumer Impact:

- The family would view plans and make a plan selection with the Exchange.
- The initial premium payment would be made to the Exchange at the time of plan selection.
- The family would be re-directed to three (3) carrier websites for future premium billing information.
- The family would receive multiple bills, from multiple carriers, at varying frequencies for on-going billing.

Assessment of Option 1:

Exchange Collects Both Initial and On-Going Payments



Implement all Billing & Payment functionality in-house

Pros

- *Seamless consumer experience (One-stop-shop)*
- *One aggregated bill and a standardized payment frequency regardless of number of plan issuers*
- *Allows for completion of plan enrollment within the Exchange*
- *Total control of Eligibility Management (“life changes”)*
- *Closest “real-time” enrollment option*
- *Allows for better premium management/subsidy calculation as “life changes” occur*
- *Reconciliation and reporting is streamlined between the Exchange and Issuers*

Cons

- *Billing and collections processes could be labor intensive*
- *Managing partial payments for carrier disbursements*
- *Still have to provide users with option to pay issuers directly*

Consumer Impact

- The family would view plans and make a plan selection with the Exchange.
- The initial premium payment would be made to the Exchange at the time of plan selection.
- The family would receive a single bill from the Exchange on a recurring basis for all insurance plans elected.